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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

MAINE STATE RETIREMENT SYSTEM,  
Individually and On Behalf of All Others Similarly  
Situated,

PLAINTIFF(S)

v.

COUNTRYWIDE FINANCIAL CORPORATION;  
COUNTRYWIDE SECURITIES CORPORATION;  
[See Attachment for Additional Defendants]

DEFENDANT(S).

CASE NUMBER

2:10-cv-00302-MRP-MAN

**SUMMONS**

ON SECOND AMENDED CLASS ACTION COMPLAINT

TO: DEFENDANT(S): ALL NAMED DEFENDANTS

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☐ complaint ☒ Second amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Lionel Z. Glancy, whose address is Glancy Binkow & Goldberg LLP, 1801 Ave. of the Stars, Ste 311, Los Angeles, CA 90067. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

DEC - 6 2010

Dated: \_\_\_\_\_

**JULIE PRADO**

**SEAL**

By: \_\_\_\_\_

Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

Name & Address:

Lionel Z. Glancy  
GLANCY BINKOW & GOLDBERG LLP  
1801 Avenue of the Stars, Suite 311  
Los Angeles, CA 90067

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

MAINE STATE RETIREMENT SYSTEM,  
Individually and On Behalf of All Others Similarly  
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Clerk, U.S. District Court

Dated: DEC - 6 2010

By: \_\_\_\_\_

Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

SUMMONS ON SECOND AMENDED CLASS ACTION COMPLAINT  
2:10-CV-00302-MRP-MAN

[Attachment of Additional Defendants]

COUNTRYWIDE HOME LOANS, INC.; COUNTRYWIDE CAPITAL  
MARKETS; BANK OF AMERICA CORP.; NB HOLDINGS CORPORATION;  
CWALT, INC.; CWMBS, INC.; CWABS, INC.; CWHEQ, INC.; J.P. MORGAN  
SECURITIES, INC.; DEUTSCHE BANK SECURITIES INC.; BEAR, STEARNS  
& CO., INC.; JPMORGAN CHASE, INC.; BANC OF AMERICA SECURITIES  
LLC; UBS SECURITIES LLC; MORGAN STANLEY & CO., INC.; EDWARD  
D. JONES & CO., L.P.; CITIGROUP GLOBAL MARKETS, INC.; GOLDMAN,  
SACHS & CO.; CREDIT SUISSE SECURITIES (USA) LLC; RBS SECURITIES  
INC.; BARCLAY'S CAPITAL, INC.; HSBC SECURITIES (USA) INC.; BNP  
PARIBAS SECURITIES CORP.; MERRILL LYNCH, PIERCE, FENNER &  
SMITH, INC.; STANFORD L. KURLAND; DAVID A. SPECTOR; ERIC P.  
SIERACKI; N. JOSHUA ADLER; RANJIT KRIPALANI; JENNIFER S.  
SANDEFUR; THOMAS KEITH MCLAUGHLIN; THOMAS H. BOONE;  
JEFFREY P. GROGIN; and DAVID A. SAMBOL.

# **TAC APPENDIX EXHIBIT C**

## **Plaintiffs' Redlined Third Amended Class Action Complaint to Second Amended Class Action Complaint**

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[Additional Counsel on Signature Page]*

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

MAINE STATE RETIREMENT SYSTEM,  
Individually and On Behalf of All Others  
Similarly Situated,

Plaintiff,

v.

COUNTRYWIDE FINANCIAL  
CORPORATION; COUNTRYWIDE  
SECURITIES CORPORATION;  
COUNTRYWIDE HOME LOANS, INC.;  
COUNTRYWIDE CAPITAL MARKETS;  
BANK OF AMERICA CORP.; NB  
HOLDINGS CORPORATION; CWALT,  
INC.; CWMBS, INC.; CWABS, INC.;  
CWHEQ, INC.; J.P. MORGAN  
SECURITIES, INC.; DEUTSCHE BANK  
SECURITIES INC.; BEAR, STEARNS &  
CO., INC.; JPMORGAN CHASE, INC.;  
BANC OF AMERICA SECURITIES LLC;  
UBS SECURITIES LLC; MORGAN  
STANLEY & CO., INC.; EDWARD D.  
JONES & CO., L.P.; CITIGROUP GLOBAL  
MARKETS, INC.; GOLDMAN, SACHS &  
CO.; CREDIT SUISSE SECURITIES (USA)  
LLC; RBS SECURITIES INC.; BARCLAY'S  
CAPITAL, INC.; HSBC SECURITIES (USA)  
INC.; BNP PARIBAS SECURITIES CORP.;  
MERRILL LYNCH, PIERCE, FENNER &  
SMITH, INC.; STANFORD L. KURLAND;  
DAVID A. SPECTOR; ERIC P. SIERACKI;  
N. JOSHUA ADLER; RANJIT KRIPALANI;  
JENNIFER S. SANDEFUR; THOMAS  
KEITH MCLAUGHLIN; THOMAS H.  
BOONE; JEFFREY P. GROGIN; DAVID A.  
SAMBOL,

Defendants.

No. 2:10-CV-00302 MRP  
(MAN)

CLASS ACTION

**THIRD AMENDED CLASS  
ACTION COMPLAINT**

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No. 2:10-cv-00302: **THIRD** AMENDED CLASS ACTION COMPLAINT

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1 In accordance with the Court's Opinion and Order dated November 4, 2010  
2 ("Countrywide Tolling Decision") and Opinion and Order dated May 5, 2011  
3 ("Countrywide MTD Decision"), Lead Plaintiff Iowa Public Employees'  
4 Retirement System and additional named plaintiffs the General Board of Pension  
5 and Health Benefits of the United Methodist Church, Orange County Employees'  
6 Retirement System, and Oregon Public Employees' Retirement System  
7 (collectively, "Plaintiffs"), submit this Third Amended Class Action Complaint  
8 ("TAC") and allege the following upon personal knowledge as to themselves and  
9 their own acts and upon information and belief as to all other matters. Plaintiffs'  
10 information and belief is based on the investigation of their counsel. The  
11 investigation included, for example: (i) review and analysis of the offering  
12 materials for the Certificates as defined below, and the Certificates' rating  
13 histories; (ii) examination of the monthly service or remittance reports issued in  
14 connection with the Certificates; (iii) examination of the SEC filings, press releases  
15 and other public statements of Countrywide Financial Corporation ("CFC"); (iv)  
16 review and analysis of court filings cited herein; (v) review and analysis of media  
17 reports, congressional testimony and additional material; (vi) analysis of the  
18 Securities and Exchange Commission's ("SEC") Summary Report of Issues  
19 Identified in the Commission Staff's Examinations of Select Credit Rating  
20 Agencies ("SEC Report") and additional documents cited herein; and (vii)  
21 discussions with federal and state agencies as well as attorneys for private litigants  
22 who have investigated and pursued civil actions against one or more Countrywide  
23 entities alleging wrongdoing during the period at issue herein. Many of the facts  
24 related to Plaintiffs' allegations are known only by the Defendants named herein,  
25 or are exclusively within their custody or control. Plaintiffs believe that substantial  
26 additional evidentiary support for the allegations set forth below will be developed  
27 after a reasonable opportunity for discovery.

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Plaintiffs undertake this amendment to comply with the Countrywide Tolling Decision and Countrywide MTD Decision. In so doing, Plaintiffs do not waive and hereby preserve all previously asserted claims regarding all securities included in the Consolidated Amended Class Action Complaint (“First Amended Complaint” or “FAC”) and Consolidated Second Amended Class Action Complaint (“Second Amended Complaint” or “SAC”) in this action as if fully set forth herein. True and correct copies of the FAC and SAC are annexed hereto as Exhibit A and Exhibit B, respectively, of the accompanying Appendix (“TAC Appendix”). Furthermore, annexed hereto as TAC Appendix Exhibit C is a redline of the TAC to the SAC.

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#### **I. SUMMARY OF THE ACTION**

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1. This Complaint is brought by Plaintiffs pursuant to the Securities Act of 1933, 15 U.S.C. § 77a, *et seq.* (the “Securities Act”), on behalf of All persons or entities who purchased mortgage-backed securities one or more of the nine tranches in the offerings set forth below and in TAC Appendix Exhibits D-F (collectively the “MBS” or “Certificates”) pursuant and traceable to Registration Statements, Original Basic Prospectuses, and Prospectus Supplements (collectively, the “Offering Documents”) filed with the Securities and Exchange Commission (“SEC”) by Defendants (1) Alternative Loan Trust Certificates issued by Defendant CWALT, Inc. (“CWALT”); (2) CWABS Asset-Backed Trust Certificates issued by Defendant CWABS, Inc. (“CWABS”); (3) CHL Mortgage Pass-Through Trust Certificates issued by Defendant CWMBS, Inc. (“CWMBS”); and (4) CWHEQ Revolving Home Equity Loan Trusts and Home Equity Loan Trusts issued by Defendant CWHEQ, Inc. (“CWHEQ”) (CWALT, CWABS, CWMBS, and CWHEQ are collectively referred to herein as the “Depositors” or “Issuers”). All of the Certificates were collateralized by residential mortgage loans that Countrywide Home Loans, Inc. (“Countrywide”) or its affiliates originated. The Certificates were sold in nine separate public offerings (the “Offerings”) over

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1 fifteen months between October 2005 and December 2006. A complete list of  
2 each Certificate that is the subject of this TAC is set forth in TAC Appendix  
3 Exhibit D. The \$2.63 billion in Countrywide Certificates which are the subject of  
4 this Complaint is comprised of nine separate tranches of Certificates issued in nine  
5 separate Countrywide MBS Offerings, as set forth herein at ¶¶58-78 and TAC  
6 Appendix Exhibits D & E.

7 2. Excluded from the Class are Defendants, their officers and directors at  
8 all relevant times, members of their immediate families, and their legal  
9 representatives, heirs, successors or assigns and any entity in which any Defendant  
10 has or had a controlling interest

11 3. The Certificates were underwritten by Defendants Countrywide  
12 Securities Corporation ("CSC"), Deutsche Bank Securities Inc. ("Deutsche Bank"),  
13 UBS Securities LLC ("UBS"), Morgan Stanley & Co., Inc. ("Morgan Stanley"),  
14 Goldman, Sachs & Co. ("Goldman Sachs"), RBS Securities Inc. f/k/a RBS  
15 Greenwich Capital d/b/a Greenwich Capital Markets, Inc. ("RBS") and HSBC  
16 Securities (USA) Inc. ("HSBC") (collectively the "Underwriters" or "Underwriter  
17 Defendants").

18 4. Plaintiffs assert claims for violations of Sections 11, 12(a)(2) and 15  
19 of the Securities Act, 15 U.S.C. §§ 77k, 77l(a)(2) and 77o, arising from material  
20 misstatements and omissions in the Registration Statements, Prospectuses and  
21 subsequently-filed Prospectus Supplements (collectively referred to herein as the  
22 "Offering Documents"). Accordingly, this action involves claims of negligence  
23 and strict liability under the Securities Act. The Complaint asserts no allegations  
24 of fraud on the part of any Defendant.

25 5. From 2005 through 2007, Countrywide was the nation's largest  
26 residential mortgage lender. Countrywide originated in excess of \$850 billion in  
27 home loans throughout the United States in 2005 and 2006 alone. Countrywide's  
28 ability to originate residential mortgages on such a massive scale was facilitated, in

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Action Complaint ("SAC")

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accompanying Appendix ("SAC")

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("Barclay's")

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1 large part, by its ability to rapidly package or securitize those loans and then,  
2 through the activities of the Underwriter Defendants, sell them to investors as  
3 purportedly investment grade mortgage-backed securities.

4 6. Each Offering operated in the same manner. A special-purpose trust  
5 (the “Issuing Trust”) was created by the Depositor to hold the underlying mortgage  
6 loan collateral. Certificates entitled investors to receive monthly distributions of  
7 interest and principal from the Issuing Trusts derived from cash flows from  
8 borrower repayment of the mortgage loans. The cash flows from the principal and  
9 interest payments from those mortgage loans were then divided into multiple  
10 classes, or “tranches,” of senior and subordinated Certificates. If borrowers failed  
11 to pay back their mortgages, these losses would flow to Plaintiffs based on the  
12 seniority of their Certificates. However, since all of the Certificates issued by an  
13 individual Issuing Trust were backed by the pool of mortgages associated with that  
14 Issuing Trust, a decline in the value of the mortgages in the pool arising from  
15 delinquencies, defaults, or other problems with the particular loans would cause a  
16 decline in the value of each and every class or tranche of Certificates in the Issuing  
17 Trust, regardless of the subordination of certain Certificates to more senior ones.

18 7. The assembly line created by Countrywide and the Underwriter  
19 Defendants for the mass production and sale of the Certificates began with  
20 Countrywide and its affiliates originating the mortgage loans. These loans were all  
21 purportedly underwritten pursuant to specific loan origination guidelines set forth  
22 in the Offering Documents. The guidelines provided, *inter alia*, that Countrywide  
23 and its affiliates would assess borrower creditworthiness and appraise the value of  
24 the mortgaged property pursuant to standard appraisal methodologies. As set forth  
25 below, these descriptions of the loan origination guidelines in the Offering  
26 Documents contained material misstatements and omissions since, in fact, the  
27 guidelines were systematically disregarded to include borrowers who did not meet  
28 the aforementioned criteria.

1        8. Once the loans were originated they were ultimately sold to the  
2 Depositors who were all limited purpose entities created by CFC. The Depositors  
3 would deposit the loans into Issuing Trusts and, along with the Underwriter  
4 Defendants and the Rating Agencies, including Moody's Investors Service, Inc.  
5 ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings, Inc. ("Fitch")  
6 (collectively referred to herein as the "Rating Agencies"), design the structure of  
7 each Offering. The Offering structures determined how the cash flows from the  
8 mortgage loans would be distributed to senior and subordinate classes of  
9 Certificates. Each Offering purported to provide various forms of investor  
10 protections and purported to justify the investment grade ratings assigned to the  
11 Certificates.

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12        9. It was critically important to the Underwriter Defendants not only that  
13 all of the Certificates be assigned investment grade ratings by the Rating Agencies  
14 at the time of issuance, but that they be assigned the highest investment grade  
15 ratings. The highest investment rating used by the Rating Agencies is AAA (Aaa  
16 for Moody's), which signifies the highest investment grade and suggests that there  
17 is almost no risk of investment loss associated with the security – the safest  
18 investment next to U.S. Treasury bonds. Ratings of "AA," "A" and "BBB"  
19 represent very high credit quality, high credit quality, and good credit quality,  
20 respectively. There are various intermediate ratings between BBB and AAA.  
21 Anything rated lower than BBB is considered speculative or "junk," *i.e.*, not  
22 investment grade.

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23        10. In fact, all of the Countrywide-issued Certificates at issue herein were  
24 assigned investment grade ratings and 100% received the highest investment grade  
25 ratings. These ratings assured the rapid sale of the Certificates to conservative  
26 investors such as public and private pension funds and insurance companies whose  
27 investment guidelines typically require them to purchase only investment grade  
28 securities. The Underwriter Defendants exercised their substantial economic

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1 power by soliciting the Rating Agencies to bid for the ratings engagements via the  
2 Rating Agencies' proposed ratings of the Certificates. The Underwriters'  
3 competitive selection process for securing ratings, known as "ratings shopping,"  
4 ensured that the highest investment grade ratings were assigned to substantially all  
5 of the Certificates.

6 11. After the Certificates were issued, facts began to emerge reflecting  
7 that the mortgage collateral supporting the purported investment grade securities  
8 was fundamentally impaired and that the guidelines described in the Offering  
9 Documents had been systematically disregarded.<sup>1</sup>

10 12. No matter when the Offering occurred, the default and delinquency  
11 rates of the Certificates at issue herein skyrocketed exponentially in the first year  
12 after the loans were originated, reflecting en mass early payment defaults. Such  
13 early defaults are a strong indicator that origination guidelines have not been  
14 applied, *infra* ¶¶ 97-105, 108.

15 13. As a result of such poor loan performance the Rating Agencies were  
16 forced not merely to downgrade isolated Certificates, but rather to revise the entire  
17 methodology used to assign investment grade ratings to the Certificates. Further,  
18 in making these fundamental revisions, the Rating Agencies explained that the  
19 impetus for the change was previously undisclosed and systematic "aggressive  
20 underwriting" practices used to originate the mortgage loan collateral. When these  
21 revised methodologies were applied to the Certificates in 2008 and 2009, the result  
22 was an unprecedented collapse of the investment grade ratings. Indeed, the  
23 Certificates bearing the highest investment grade ratings collapsed largely in one  
24 fell swoop – not merely one or two rating levels, but *as much as 22 rating levels* to  
25

26 <sup>1</sup> For purposes of the Securities Act, the Depositor is considered the "Issuer"  
27 under Section 2(a)(4), 15 U.S.C. § 77b(a)(4). The "issuing entity" in each Offering  
28 was the specifically denominated Issuing Trust, *e.g.*, for the CWALT Series 2005-  
62 \$1,559,819,100 Offering on October 28, 2005, the Issuer was CWALT, Inc. and  
the issuing entity was the Issuing Trust denominated "Alternative Loan Trust  
2005-62."

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below investment grade or junk bond rating. Indeed, 89% of the Certificates, all of which were initially awarded AAA/maximum-safety ratings, have now been downgraded to junk bond levels, *infra* ¶¶102-109.

14. Finally, commensurate with the exponential increases in delinquency and default rates in the underlying mortgages and the Certificates' ratings collapse, the value of the Certificates has plummeted.

15. As a result of Countrywide's systemic disregard for its underwriting guidelines, numerous statements set forth in the Offering Documents contained material misstatements and omissions, including regarding: (i) the high quality of the mortgage pools underlying the Issuing Trusts, resulting from the underwriting standards employed to originate the mortgages, the value of the collateral securing the mortgages, and the soundness of the appraisals used to arrive at this value; (ii) the mortgages' loan-to-value ("LTV") ratios; and (iii) other criteria that were used to qualify borrowers for mortgages.

16. The widespread collapse of Countrywide mortgages not only resulted in damage to Certificate investors but also drove Countrywide toward the brink of bankruptcy. To survive, Countrywide merged with Bank of America in a \$4.1 billion stock exchange in January 2008.

## II. JURISDICTION AND VENUE

17. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act, 15 U.S.C. §§ 77k, 771(a)(2) and 77o. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v and 28 U.S.C. § 1331.

18. Venue is proper in this District pursuant to Section 22 of the Securities Act and 28 U.S.C. § 1391(b) and (c). Many of the acts and conduct complained of herein occurred in substantial part in this District, including the dissemination of the Offering Documents, which contained material misstatements and omissions, complained of herein. In addition, Defendants conduct business in

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Deleted: <#> Investigations into Countrywide's loan origination practices during the period from 2005 through 2007 and presented in actions filed by the SEC against Countrywide and its senior management, including Angelo Mozilo ("Mozilo"), David Sambol ("Sambol") and Eric Sieracki ("Sieracki"), as well as by the Illinois and California attorneys general have confirmed, as a result of those agencies' subpoena power, that Countrywide's underwriting guidelines were systematically disregarded. In addition, MBIA Insurance Corp. ("MBIA"), one of the largest providers of bond insurance, brought its own lawsuit against Countrywide alleging that Countrywide fraudulently induced it to insure certain Certificates at issue in this action based on its improper loan origination practices. Moreover, allegations set forth in complaints against Countrywide alleging derivative and securities claims have further detailed Countrywide's rampant disregard for its own loan origination guidelines.¶ <#> Fourth, more general government investigations into the issuance of mortgage-backed securities during the period when the Certificates were issued have also confirmed a systemic disregard for loan origination guidelines. Thus, for example, according to the March 2008 policy statement of the President's Working Group on Financial Markets (the "President's Working Group"), the underlying causes of the mortgage crisis include, *inter alia*: (i) "a breakdown in underwriting standards for subprime mortgages"; and (ii) "a significant erosion of market discipline by those involved in the securitization processes, including originators [and] underwriters ... related in part to failures to provide or obtain adequate risk disclosures."¶

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this District.

19. In connection with the acts and conduct alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the mails and telephonic communications.

### III PROCEDURAL HISTORY

20. The instant litigation was originally commenced on November 14, 2007 with the filing of *Luther v. Countrywide Home Loans Servicing LP, et al.*, Case No. BC380698 (Cal. Superior Court, Los Angeles County) (“Initial Luther Complaint”). The Initial Luther Complaint asserted claims for violations of Sections 11, 12(a)(2) and 15 of the Securities Act on behalf of a class of all purchasers of 188 Offerings of Countrywide MBS issued by Defendant CWALT between January 2005 and June 2007 pursuant to five separate Shelf Registration Statements. See TAC Appendix Exhibit F. All 188 Offerings included in the Initial Luther Complaint are included in the FAC. The Offerings included in the Initial Luther Complaint are set forth in TAC Appendix Exhibit G, annexed hereto. *There were no PSLRA Certifications identifying the securities purchased by the named Plaintiffs accompanying the filing of the Initial Luther Complaint, nor did the Initial Luther Complaint include allegations of specific securities purchased by the named plaintiff.*

21. Thereafter, on June 14, 2008, a second action was filed in California State Superior Court captioned *Washington State Plumbing & Pipefitting Pension Trust v. Countrywide Financial Corporation, et al.*, Case No. BC392571 (Cal. Superior Court, Los Angeles County) (“Washington State Action” or “Washington State Complaint”). The named Plaintiff, Washington State Plumbing & Pipefitting Pension Trust (“Washington State”) asserted claims on behalf of a class of all purchasers of 398 Offerings of Countrywide MBS issued between June 13, 2005 and December 27, 2007 pursuant to 19 separate Shelf Registration Statements. See TAC Appendix Exhibit F. Three hundred and ninety-six Offerings included in

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1 the Washington State Complaint were included in the FAC. The Offerings  
2 included in the Washington State Complaint are set forth in **TAC Appendix**  
3 **Exhibit G**, annexed hereto. *There were no PSLRA Certifications identifying the*  
4 *securities purchased by the named Plaintiffs accompanying the filing of the*  
5 *Washington State Complaint, nor did the Washington State Complaint include*  
6 *allegations identifying the specific securities purchased by the named plaintiffs.*

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7 22. Thereafter, on September 9, 2008, an amended complaint was filed in  
8 *Luther* (“Amended Luther Complaint”), adding four additional plaintiffs to the  
9 action – Vermont Pension Investment Committee (“Vermont”), Mashreqbank,  
10 P.S.C. (“MASH”), Pension Trust Fund for Operating Engineers (“PTOE”) and  
11 Operating Engineers Annuity Plan (“OEAP”). The named plaintiffs asserted  
12 claims on behalf of a class of all purchasers of 428 Offerings of Countrywide MBS  
13 issued between January 2005 and December 2007 pursuant to 20 separate Shelf  
14 Registration Statements. *See TAC Appendix Exhibit F.* All 427 Countrywide  
15 Offerings in the FAC were included in the Amended Luther Complaint. The  
16 Offerings included in the Amended Luther Complaint are set forth in **TAC**  
17 **Appendix Exhibit G**, annexed hereto. *There were no PSLRA Certifications*  
18 *identifying the securities purchased by the named Plaintiffs accompanying the*  
19 *filing of the Amended Luther Complaint, nor did the Amended Luther*  
20 *Complaint include allegations identifying the specific securities purchased by the*  
21 *named plaintiffs.*

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22 23. After consolidation of the *Luther* and *Washington State* actions, a  
23 consolidated complaint was filed on October 16, 2008 (the “Luther Consolidated  
24 Complaint”), naming Luther, Vermont, MASH, PTOE, OEAP and Washington  
25 State as plaintiffs. In addition, the Luther Consolidated Complaint added Maine  
26 State Retirement System (“Maine”) as an additional named plaintiff. Vermont,  
27 MASH, PTOE, OEAP, Maine and Washington State are collectively referred to  
28 herein at times as the “Luther Plaintiffs.” These plaintiffs asserted claims on

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1 behalf of a class of all purchasers of 428 Offerings of Countrywide MBS issued  
2 between January 2005 and December 2007 pursuant to 20 separate Shelf  
3 Registration Statements. See **TAC Appendix Exhibit E**. Again, all 427  
4 Countrywide MBS Offerings in the FAC were included in the Luther Consolidated  
5 Complaint. The Offerings included in the Luther Consolidated Complaint are set  
6 forth in **TAC Appendix Exhibit G**, annexed hereto. *There were no PSLRA*  
7 *Certifications identifying the securities purchased by the named Plaintiffs*  
8 *accompanying the filing of the Luther Consolidated Complaint, nor did the*  
9 *Luther Consolidated Complaint include allegations identifying the specific*  
10 *securities purchased by the named plaintiffs.*

11 24. On January 14, 2010, after being dismissed due to lack of subject  
12 matter jurisdiction in state court, counsel for the Luther Plaintiffs filed *Maine State*  
13 *Retirement System v. Countrywide Financial Corporation, et al.*, Civ. No. 10-  
14 00302-MRP-MAN (C.D. Cal. Jan. 14, 2010) (the "Federal Action" or "Federal  
15 Complaint"). Maine State Retirement System was the sole named plaintiff in the  
16 Federal Complaint, which set forth identical allegations regarding the same 428  
17 Countrywide Offerings as the Luther Consolidated Complaint. See **TAC**  
18 **Appendix Exhibit E**. All 427 Offerings in the FAC were included in the Federal  
19 Complaint. The Offerings included in the Federal Complaint are set forth in **TAC**  
20 **Appendix Exhibit G**, annexed hereto. *Annexed to the Federal Complaint was*  
21 *the Certification of Maine State Retirement System which set forth the specific*  
22 *Countrywide MBS which Maine had purchased.*

23 25. The Luther Plaintiffs also appealed their dismissal by the Superior  
24 Court to the California Court of Appeals (Second Appellate District). On May 19,  
25 2011, the California Court of Appeals reversed the Superior Court in full and  
26 remanded the case back to the trial court for further proceedings. *Luther v.*  
27 *Countrywide Financial Corp., et al.*, Case No. B222889, 2011 Cal. App. LEXIS  
28 596 (Cal. Ct. App. May 18, 2011).

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1        26. There were no PSLRA Certifications or allegations setting forth  
2 precisely which Offerings or tranches thereof the remaining five Luther Plaintiffs  
3 (*i.e.*, MASH, PTOE, OEAP, Washington State and Vermont) purchased until the  
4 filing of the motions for lead plaintiff in this action on April 2, 2010. *See* Dkt.  
5 Nos. 86-89. Moreover, the specific Countrywide Certificates purchased by the  
6 named plaintiff in the Luther Action, David Luther, have never been publicly  
7 disclosed or set forth in any previous complaints in this action. In fact, this  
8 information was only obtained from Mr. Luther's counsel in response to a request  
9 from Plaintiffs' Counsel. Ultimately, on May 17, 2010, IPERS was appointed as  
10 Lead Plaintiff in the action.

11        27. On July 13, 2010, IPERS, along with additional named Plaintiffs  
12 OCERS, OPERS and GBPHB, filed the FAC in the Federal Action. The FAC  
13 asserted claims on behalf of a class of all purchasers of 427 Offerings of  
14 Countrywide MBS issued between January 2005 and December 2007 pursuant to  
15 19 separate Shelf Registration Statements. *See* TAC Appendix Exhibit F. The  
16 Offerings included in the FAC are set forth in TAC Appendix Exhibit G, annexed  
17 hereto. Thereafter, Defendants moved to dismiss the FAC. By Opinion and Order  
18 dated November 4, 2010, the Court granted Defendants' motions to dismiss with  
19 leave to replead in accordance with the Countrywide Tolling Decision.

20        28. On December 12, 2010, Plaintiffs filed the SAC in the Federal Action.  
21 While expressly preserving all claims against all parties contained in the FAC, the  
22 SAC asserted claims on behalf of a class of all purchasers of 20 Offerings of  
23 Countrywide MBS issued between September 2005 and December 2006 pursuant  
24 to seven separate Shelf Registration Statements. See TAC Appendix Exhibit F.  
25 The Offerings included in the SAC are set forth in TAC Appendix Exhibits G,  
26 annexed hereto. Thereafter, Defendants moved to dismiss the SAC. By Opinion  
27 and Order dated May 5, 2011, the Court granted in part and denied in part  
28 Defendants' motions to dismiss and granted a motion to strike certain allegations

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1 in the SAC, and directed Plaintiffs to replead within 30 days in accordance with the  
2 Countrywide MTD Decision. This TAC is filed in compliance therewith.

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3 **IV. PARTIES**

4 **A. Plaintiffs**

5 29. **Iowa Public Employees' Retirement System** ("IPERS") is a public  
6 pension fund for employees of the State of Iowa. IPERS acquired its Certificates  
7 pursuant and traceable to one or more Shelf Registration Statements, Original  
8 Basic Prospectuses and later-filed Prospectus Supplements. The Offering  
9 Documents were rendered materially misleading as a consequence of the same  
10 course of conduct with respect to each Offering by Defendants. A Certification  
11 documenting IPERS' transactions in the Certificates was filed with IPERS' motion  
12 for appointment as lead plaintiff on April 2, 2010. *See* Dkt. No. 80. As set forth in  
13 ¶¶58-78, directly below, IPERS purchased the Certificates pursuant and traceable  
14 to the Offering Documents and has been damaged thereby.

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15 30. **General Board of Pension and Health Benefits of the United**  
16 **Methodist Church** ("GBPHB") is the pension fund for the active and retired  
17 clergy and lay employees of the United Methodist Church. GBPHB acquired its  
18 Certificates pursuant and traceable to one or more Shelf Registration Statements,  
19 Original Basic Prospectuses and later-filed Prospectus Supplements. The Offering  
20 Documents were rendered materially misleading as a consequence of the same  
21 course of conduct with respect to each Offering by Defendants. A Certification  
22 documenting GBPHB's transactions in the Certificates was filed with GBPHB's  
23 motion for appointment as lead plaintiff on April 2, 2010. *See* Dkt. No. 85. As set  
24 forth in ¶¶58-78, directly below, GBPHB purchased its Certificates pursuant and  
25 traceable to the Offering Documents and has been damaged thereby.

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26 31. **Orange County Employees' Retirement System** ("OCERS") is a  
27 public pension fund for the employees of Orange County, California. OCERS  
28 acquired its Certificates pursuant and traceable to one or more Shelf Registration

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1 Statements, Original Basic Prospectuses and later-filed Prospectus Supplements.  
2 The Offering Documents were rendered materially misleading as a consequence of  
3 the same course of conduct with respect to each Offering by Defendants. A  
4 Certification documenting OCERS' transactions in the Certificates and willingness  
5 to serve as a representative party in this litigation was annexed to and filed with the  
6 FAC on July 13, 2010. *See* Dkt. No. 122. As set forth in ¶¶58-78, directly below,  
7 OCERS purchased its Certificates pursuant and traceable to the Offering  
8 Documents and has been damaged thereby.

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9 32. **State of Oregon, by and through the Oregon State Treasurer and**  
10 **the Oregon Public Employee Retirement Board on behalf of the Oregon**  
11 **Public Employee Retirement Fund** ("OPERS") is a public pension fund for  
12 employees of the State of Oregon. OPERS acquired its Certificates pursuant and  
13 traceable to one or more Shelf Registration Statements, Original Basic  
14 Prospectuses and later-filed Prospectus Supplements. The Offering Documents  
15 were rendered materially misleading as a consequence of the same course of  
16 conduct with respect to each Offering by Defendants. A Certification documenting  
17 OPERS' transactions in Countrywide MBS and willingness to serve as a  
18 representative party in this litigation was annexed to and filed with the FAC on  
19 July 13, 2010. *See* Dkt. No. 122. As set forth in ¶¶58-78, directly below, OPERS  
20 purchased its Certificates pursuant and traceable to the Offering Documents and  
21 has been damaged thereby.

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22 **B. Defendants**

23 33. Plaintiffs allege that each and every Defendant is, to the maximum  
24 extent permitted by law, jointly and severally liable for the misconduct alleged in  
25 this Complaint.

26 **1. Countrywide Defendants**

27 34. Defendant **Countrywide Financial Corporation** ("CFC") was, at  
28 times relevant to this Complaint, a Delaware corporation with its principal

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1 executive offices located at 4500 Park Granada, Calabasas, California. CFC was a  
2 holding company which, through its subsidiaries, was engaged in mortgage lending  
3 and other real estate finance related businesses, including mortgage banking,  
4 banking and mortgage warehouse lending, dealing in securities and insurance  
5 underwriting. The Company operated through five business segments: Mortgage  
6 Banking, which originated, purchased, sold and serviced non-commercial  
7 mortgage loans nationwide; Banking, which took deposits and invested in  
8 mortgage loans and home equity lines of credit; Capital Markets, which operated  
9 an institutional broker-dealer that primarily specialized in trading and underwriting  
10 MBS; Insurance, which offered property, casualty, life and disability insurance as  
11 an underwriter and as an insurance agency; and Global Operations, which licensed  
12 and supported technology for mortgage lenders in the United Kingdom. As  
13 discussed below, CFC merged with and became Bank of America in 2008. The  
14 Issuer Defendants, as set forth below, were controlled directly by the Individual  
15 Defendants and CFC, including by the appointment of CFC executives as directors  
16 and officers of these entities. Revenues flowing from the issuance and sale of  
17 MBS issued by CWALT, CWMBBS, CWABS and CWHEQ and the Issuing Trusts  
18 were passed through to CFC and consolidated into CFC's financial statements.  
19 Defendant CFC, therefore, exercised actual day-to-day control over Defendants  
20 CWALT, CWMBBS, CWABS, and CWHEQ. Defendant CFC was a named  
21 defendant in the Washington State Complaint, the Amended Luther Complaint, the  
22 Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC.  
23 These complaints alleged that CFC's role relating to the creation and sale of MBS  
24 violated the Securities Act. The claims asserted in this SAC as they relate to CFC  
25 were tolled under the Countrywide Tolling Decision and Countrywide MTD  
26 Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

27 35. Defendant **Countrywide Securities Corporation** ("CSC") is a  
28 broker-dealer within CFC. According to CFC's Form 10-K for the year ended

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December 31, 2007, filed with the SEC on February 29, 2008 (“2007 Form 10-K”), CSC “primarily specializes in trading and underwriting MBS.” The financial results of CSC are set forth in the Capital Markets section of CFC’s financial statements. CFC further stated in its 2007 Form 10-K that it was “ranked fourth among Non-Agency MBS Underwriters” for 2007. Defendant CSC was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CSC’s conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this SAC as they relate to CFC were tolled under the Countrywide Tolling Decision and Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

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36. **Countrywide Home Loans, Inc.** (“CHL”) was, at times relevant to this Complaint, a direct wholly-owned subsidiary of CFC. CHL was engaged in the mortgage banking business, and originated, purchased, sold and serviced mortgage loans. CHL’s principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. CHL served as the “Sponsor” or “Seller” of the Certificates, meaning that it played a central role in providing the pools of mortgage loans to the Issuing Trusts upon which the Certificates were based. Defendant CHL was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CHL’s conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this SAC as they relate to CHL were tolled under the Countrywide Tolling Decision and Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

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37. Defendant **Countrywide Capital Markets** (“CCM”) was, at times

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relevant to this Complaint, a direct wholly-owned subsidiary of CFC. CCM's principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. CCM operated through its two main wholly-owned subsidiaries, CSC and Countrywide Servicing Exchange. According to CFC's 2007 Form 10-K, "Capital Markets participates in both competitive bid and negotiated underwritings and performs underwriting services for CHL, Countrywide Bank and third parties." The financial results of CCM were set forth in the Capital Markets section of CFC's financial statements. Defendant CCM was a named defendant in the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CCM's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this SAC as they relate to CCM were tolled under the Countrywide Tolling Decision and Countrywide MTD Decision for the Certificates, set forth in TAC Appendix Exhibits H & I.

## 2. The Issuer Defendants

38. Defendant CFC structured Defendants CWALT, CWMBS, CWABS, and CWHEQ as limited purpose, wholly-owned, finance subsidiaries to facilitate its issuance and sale of the MBS. CWALT, CWMBS, CWABS, and CWHEQ were controlled directly by CFC, including by the appointment of CFC executives as directors and officers of these entities. Revenues flowing from the issuance and sale of MBS issued by CWALT, CWMBS, CWABS and CWHEQ and the Issuing Trusts were passed through to CFC and consolidated into CFC's financial statements. Defendant CFC, therefore, exercised actual day-to-day control over Defendants CWALT, CWMBS, CWABS, and CWHEQ.

39. Defendant **CWALT, Inc.** was, at times relevant to this Complaint, a Delaware corporation and a limited purpose financing subsidiary of CFC. CWALT's principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. Defendant CWALT served in the

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Deleted: <#>Defendant **Bank of America Corp.** ("Bank of America") is a successor to Defendant CFC, having *de facto* merged with CFC. On July 1, 2008, Defendant CFC completed a merger with Red Oak Merger Corporation ("Red Oak"), a wholly-owned subsidiary of Bank of America, pursuant to the terms of an Agreement and Plan of Merger, dated as of January 11, 2008, by and among Bank of America, Red Oak, and CFC. The acquisition was through an all-stock transaction involving a Bank of America subsidiary that was created for the sole purpose of facilitating the acquisition of CFC. The Countrywide brand was retired shortly after the merger and currently CFC's former website redirects to the Bank of America website. Moreover, Bank of America has assumed CFC's liabilities, having paid to resolve other litigation arising from misconduct such as predatory lending allegedly committed by CFC. *See, e.g.,* Shayndi Raice and Marshall Eckblad, Countrywide's Mess Billed to Bank of America, *Wall St. J.* (June 7, 2010). Substantially all of Countrywide's assets were transferred to Bank of America on November 7, 2008, in connection with Countrywide's integration with Bank of America's other businesses and operations, along with certain of Countrywide's debt securities and related guarantees. CFC ceased filing its own financial statements in November 2008, and instead its assets and liabilities have been included in Bank of America's financial statements. Further, many of the same locations, employees, assets and business operations that were formerly CFC continue under the Bank of America Home Loans brand. CSC, CHL and CCM likewise are now part of Bank of America. As noted above, Defendant CFC, of which Bank of America is a successor in interest, was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint and the FAC. These complaints alleged that CFC's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this SAC as they relate to CFC were tolled und... [1]

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role of the “Depositor” in the securitization of the Issuing Trusts as identified in **TAC Appendix Exhibit D** and was an “Issuer” of the Certificates within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(4), traceable to the following amended Registration Statements it filed with the SEC:

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File No.	Amount Registered	Issuer	Date	No. of Offerings in TAC
333-110343	\$19,000,000,000	CWALT, Inc.	January 13, 2004	0
333-117949	\$24,126,942,035	CWALT, Inc.	September 23, 2004	0
333-123167	\$22,731,808,071	CWALT, Inc.	April 21, 2005	0
333-125902	\$45,335,287,290	CWALT, Inc.	July 25, 2005	2
333-131630	\$100,271,785,327	CWALT, Inc.	March 6, 2006	0
333-140962	\$103,095,483,061	CWALT, Inc.	April 24, 2007	0

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Defendant CWALT was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CWALT’s conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to CWALT were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in **TAC Appendix Exhibits H & I**.

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40. Defendant **CWHEQ, Inc.** was, at times relevant to this Complaint, a Delaware corporation and a limited purpose financing subsidiary of CFC. CWHEQ’s principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. Defendant CWHEQ served in the role of the “Depositor” in the securitization of the Issuing Trusts as identified in **TAC Appendix Exhibit D** and was an “Issuer” of the Certificates within the

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meaning of the Securities Act, 15 U.S.C. § 77b(a)(4), traceable to the following amended Registration Statements it filed with the SEC:

File No.	Amount Registered	Issuer	Date	No. of Offerings in TAC
333-121378 <sup>2</sup>	\$20,000,000,000	CWHEQ, Inc.	December 17, 2004	0
333-126790	\$30,685,000,000	CWHEQ, Inc.	August 4, 2005	1
333-132375	\$26,572,949,813	CWHEQ, Inc.	April 12, 2006	1
333-139891	\$31,717,192,508	CWHEQ, Inc.	May 22, 2007	0

Defendant CWHEQ was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CWHEQ's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC, as they relate to CWHEQ were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

41. Defendant **CWABS, Inc.** was, at times relevant to this Complaint, a Delaware corporation and a limited purpose financing subsidiary of CFC. CWABS' principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. Defendant CWABS served in the role of the "Depositor" in the securitization of the Issuing Trusts as identified in TAC Appendix Exhibit D, and was an "Issuer" of the Certificates within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(4), traceable to the following amended Registration Statements it filed with the SEC:

<sup>2</sup> There were no Offerings included in the FAC issued pursuant to this Shelf Registration Statement.

File No.	Amount Registered	Issuer	Date	No. of Offerings in SAC
333-118926	\$60,598,485,932	CWABS, Inc.	October 18, 2004	0
333-125164	\$46,598,657,434	CWABS, Inc.	June 10, 2005	2
333-131591	\$34,327,892,523	CWABS, Inc.	February 21, 2006	1
333-135846	\$40,000,000,000	CWABS, Inc.	August 8, 2006	1
333-140960	\$113,336,555,700	CWABS, Inc.	April 24, 2007	0

Defendant CWABS was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CWABS' conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC, as they relate to CWABS were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

42. Defendant **CWMBS, Inc.** was, at times relevant to this Complaint, a Delaware corporation and a limited purpose financing subsidiary of CFC. CWMBS' principal executive offices were located at 4500 Park Granada, Calabasas, California, the same location as CFC. Defendant CWMBS served in the role of the "Depositor" in the securitization of the Issuing Trusts as identified in **SAC Appendix Exhibit D** and was an "Issuer" of the Certificates within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(4), traceable to the following amended Registration Statements it filed with the SEC:

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File No.	Amount Registered	Issuer	Date	No. of Offerings in SAC
333-100418	\$14,978,548,884	CWMBS, Inc.	October 28, 2002	0
333-121249	\$20,863,464,518	CWMBS, Inc.	February 8, 2005	0
333-125963	\$40,742,304,251	CWMBS, Inc.	July 25, 2005	0
333-131662	\$60,846,662,430	CWMBS, Inc.	March 6, 2006	1
333-140958	\$144,647,113,029	CWMBS, Inc.	April 24, 2007	0

Defendant CWMBS was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CWMBS' conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC, as they relate to CWMBS were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

43. CWALT, CWMBS, CWABS and CWHEQ are collectively referred to herein as the "Issuer Defendants."

### **3. The Underwriter Defendants**

44. As set forth above, Defendant CSC is an affiliate of CFC, and acted as an underwriter for the Certificates identified in TAC Appendix Exhibit E, within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs. As set forth above, Defendant CSC now operates as Bank of America. Defendant CSC, was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that CSC's conduct relating to the creation and sale of MBS

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violated the Securities Act. The claims asserted in this TAC as they relate to CSC were tolled under the Countrywide Tolling Decision and Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

45. Defendant **Deutsche Bank Securities Inc.** ("Deutsche Bank") acted as an underwriter for the Certificates identified in **SAC Appendix Exhibit E** within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs. Defendant Deutsche Bank was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC.

These complaints alleged that Deutsche Bank's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to Deutsche Bank were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

46. Defendant **UBS Securities LLC** ("UBS") acted as an underwriter for the MBS identified in **SAC Appendix Exhibit E** within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs. Defendant UBS was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that UBS' conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to UBS were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

47. Defendant **Morgan Stanley & Co., Inc.** ("Morgan Stanley") acted as an underwriter for the Certificates identified in **SAC Appendix Exhibit E** within

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1 the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and  
2 disseminated the Prospectus Supplements pursuant to which the MBS were sold to  
3 Plaintiffs. Defendant Morgan Stanley was a named defendant in the Initial Luther  
4 Complaint, the Washington State Complaint, the Amended Luther Complaint, the  
5 Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC.  
6 These complaints alleged that Morgan Stanley's conduct relating to the creation  
7 and sale of MBS violated the Securities Act. The claims asserted in this TAC as  
8 they relate to Morgan Stanley were tolled under the Countrywide Tolling Decision  
9 and the Countrywide MTD Decision for the Certificates set forth in TAC  
10 **Appendix Exhibits H & I.**

11 48. Defendant **Goldman, Sachs & Co.** ("Goldman Sachs") acted as an  
12 underwriter for the Certificates identified in **SAC Appendix Ex. E** within the  
13 meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and  
14 disseminated the Prospectus Supplements pursuant to which the MBS were sold to  
15 Plaintiffs. Defendant Goldman Sachs was a named defendant in the Initial Luther  
16 Complaint, the Washington State Complaint, the Amended Luther Complaint, the  
17 Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC.  
18 These complaints alleged that Goldman Sachs' conduct relating to the creation and  
19 sale of MBS violated the Securities Act. The claims asserted in this TAC as they  
20 relate to Goldman Sachs were tolled under the Countrywide Tolling Decision and  
21 the Countrywide MTD Decision for the Certificates set forth in TAC **Appendix**  
22 **Exhibits H & I.**

23 49. Defendant **RBS Securities Inc. f/k/a RBS Greenwich Capital d/b/a**  
24 **Greenwich Capital Markets, Inc.** ("RBS") acted as an underwriter for the  
25 Certificates identified in **SAC Appendix Exhibit E** within the meaning of the  
26 Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the  
27 Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs.  
28 Defendant RBS was a named defendant in the Initial Luther Complaint, the

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Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that RBS' conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to RBS were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

50. Defendant **HSBC Securities (USA) Inc.** ("HSBC") acted as an underwriter for the Certificates identified in **SAC Appendix Exhibit E** within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs. Defendant HSBC was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that HSBC's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to HSBC were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

51. Defendants CSC, Deutsche Bank, UBS, Morgan Stanley, Goldman Sachs, RBS, Barclays and HSBC are referred to herein as the "Underwriter Defendants." "Underwriter Defendants" also includes Defendant Bank of America as successor in interest as set forth above. Furthermore, Defendants CSC and UBS are referred to herein at times as the "**Section 12 Underwriter Defendants**."

#### **4. The Individual Defendants**

52. Defendant **Stanford L. Kurland** ("Kurland") was, at relevant times, the Chief Executive Officer ("CEO"), President and Chairman of the Board of Directors for CWALT, CWMBS, CWABS and CWHEQ. Defendant Kurland signed all seven (7) Shelf Registration Statements at issue herein. Defendant Kurland was concurrently the Executive Vice President and Chief Operating

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Defendant **Barclays Capital, Inc.** ("Barclays") acted as an underwriter for the Certificates identified in **SAC Appendix Exhibit B** within the meaning of the Securities Act, 15 U.S.C. § 77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the MBS were sold to Plaintiffs. Defendant Barclays was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint and the FAC. These complaints alleged that Barclays' conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this SAC as they relate to Barclays were tolled under the Countrywide Tolling Decision for the Offerings set forth in **SAC Appendix Exhibits E & F**

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Officer (“COO”) of Defendant CFC. Defendant Kurland was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that Kurland’s conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to Kurland were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

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53. Defendant **David A. Spector** (“Spector”) was, at relevant times, Vice President and a member of the Board of Directors for CWALT, CWMBBS, CWABS and CWHEQ. Defendant Spector signed all seven (7) Shelf Registration Statements at issue herein. Defendant Spector was concurrently the Senior Managing Director of Secondary Marketing of Defendant CFC. Defendant Spector was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that Spector’s conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to Spector were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates set forth in TAC Appendix Exhibits H & I.

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54. Defendant **Eric P. Sieracki** (“Sieracki”) was, at relevant times, the Executive Vice President, CFO, Treasurer and member of the Board of Directors for CWALT, CWMBBS, CWABS and CWHEQ. Defendant Sieracki signed all seven (7) Shelf Registration Statements at issue herein. Defendant Sieracki was concurrently the Executive Vice President and CFO of Defendant CFC. Defendant Sieracki was a named defendant in the Initial Luther Complaint, the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints

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alleged that Sieracki's conduct relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to Sieracki were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates, set forth in TAC Appendix Exhibits H & I.

55. Defendants Kurland, Spector and Sieracki, are collectively referred to hereinafter as the "Individual Defendants."

#### 5. David A. Sambol

56. Defendant David A. Sambol ("Sambol") was, at relevant times, the President and COO of Defendant CFC. Defendant Sambol was a control person of the Countrywide Defendants and the Issuing Defendants. Defendant Sambol was a named defendant in the Washington State Complaint, the Amended Luther Complaint, the Consolidated Luther Complaint, the Federal Complaint, the FAC and the SAC. These complaints alleged that Sambol's role relating to the creation and sale of MBS violated the Securities Act. The claims asserted in this TAC as they relate to Sambol were tolled under the Countrywide Tolling Decision and the Countrywide MTD Decision for the Certificates, set forth in TAC Appendix Exhibits H & I.

#### C. The Issuing Trust Non-Parties

57. The Issuing Trusts were set up by Defendants CWALT, CWMBS, CWABS and CWHEQ to issue hundreds of billions of dollars worth of Certificates pursuant to the Offering Documents. Exhibits D and E of the TAC Appendix, annexed hereto, identify (1) each Issuing Trust, (2) the stated value of the Certificates it issued, (3) the Registration Statements and Prospectus Supplements pursuant to which the Certificates were issued and sold, and (4) the identities of the Underwriters, Sponsor/Seller, and Depositor/Issuer for each issuance.

### V. TOLLING OF THE STATUTE OF LIMITATIONS

#### A. Defendant CWALT Offerings

58. Defendant CWALT issued \$163,499,734,519.00 of Countrywide

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MBS in 226 separate Offerings between January 2005 and December 2007 pursuant to six Shelf Registration Statements, Original Basic Prospectuses and later-filed Prospectus Supplements as set forth above in ¶39, in the SAC at ¶41 and in the FAC at ¶34. The Luther Consolidated Complaint, the Federal Complaint and the FAC all included claims on behalf of 226 CWALT Offerings issued between January 2005 and December 2007. See TAC Appendix Exhibit G.

59. Pursuant to the Court's November 4, 2010 Countrywide Tolling Decision, the allegations set forth in the FAC were limited to those Offerings which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintained standing in the SAC to pursue Securities Act claims on two (2) Countrywide MBS Offerings issued pursuant to one (1) CWALT Registration Statement.

60. Pursuant to the Court's May 5, 2011 Countrywide MTD Decision, the allegations set forth herein are limited to those "tranches" of Certificates which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintain standing to pursue Securities Act claims on one (1) tranche of Certificates in each of two (2) Countrywide MBS Offerings issued pursuant to one (1) CWALT Registration Statement, as set forth in detail below.

61. As set forth below, and also in the Certification annexed hereto, OPERS purchased the **CWALT 2005-62 ("2005-62"), Class 2A1 Certificates**, pursuant and traceable to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
CWALT 2005-62, Class 2A1	8,446,540.84	\$1.0003	August 4, 2006	Deutsche Bank

Plaintiff OPERS was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. OPERS' Section 11 and 15 claims on behalf of all purchasers of the 2005-62, Class 2A1 Certificates were No. 2:10-cv-00302: THIRD AMENDED CLASS ACTION COMPLAINT 26

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toll in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least June 12, 2008 when Washington State was named as a plaintiff in the Washington State Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Washington State purchased the 2005-62, Class 2A1 Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Washington State Complaint, including the Amended Luther Complaint, the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2005-62, Class 2A1 Claims. See TAC Appendix Exhibit H. As such, Plaintiff OPERS derives tolling from Washington State's standing to pursue those claims. See TAC Appendix Exhibit I. As of the date of the filing of the Federal Action in January 2010, the value of the Certificates had diminished considerably, and according to OPERS' custodial statements, was priced at \$0.5718, causing OPERS to suffer injury as a result.

62. As set forth below, and also in the Certification annexed hereto, OPERS purchased the **CWALT 2005-72 ("2005-72")**, Certificates, on the Offering and directly from the underwriter, Defendant UBS, pursuant to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
CWALT 2005-72,	16,930,000.00	\$1.0000	November 21, 2005	UBS

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Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
Class A1				
CWALT 2005-72, Class A1	13,024,000.00	\$1.0000	December 15, 2005	UBS

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Plaintiff OPERS was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. OPERS' Sections 12(a)(2) and 15 claims on behalf of all purchasers of the 2005-72, Class A1 Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least September 9, 2008 when PTOE was added as a named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, PTOE purchased the 2005-72, Class A1 Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, including the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2005-72, Class A1 Claims. See TAC Appendix Exhibit H. As such, Plaintiff OPERS derives tolling from PTOE's standing to pursue those claims. See TAC Appendix Exhibit I. As of the date of the filing of the Federal Action in January 2010, the value of the Certificates had diminished considerably, and according to OPERS' custodial statements, was priced at \$0.6001, causing OPERS to suffer injury as a result.

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#### B. Defendant CWHEQ Offerings

63. Defendant CWHEQ issued \$50,303,553,300.00 of Countrywide MBS in 39 separate Offerings between August 26, 2005 and August 14, 2007 pursuant to four Shelf Registration Statements, Original Basic Prospectuses and later-filed Prospectus Supplements as set forth above in ¶40, in the SAC at ¶42 and in the FAC at ¶35. All 39 Offerings were included for the first time in the Washington

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State Complaint. *See* **TAC Appendix Exhibit G.**

64. Pursuant to the Court's Countrywide Tolling Decision, the allegations set forth in the SAC were limited to those CWHEQ Offerings which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintained standing in the SAC to pursue Securities Act claims on three (3) Countrywide MBS Offerings issued pursuant to two (2) CWHEQ Registration Statements.

65. Pursuant to the Court's May 5, 2011 Countrywide MTD Decision, the allegations set forth herein are limited to those "tranches" of Certificates which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintain standing to pursue Securities Act claims on one (1) tranche of Certificates in each of two (2) Countrywide MBS Offerings issued pursuant to two (2) CWHEQ Registration Statements, as set forth in detail below.

66. As set forth below, and also in the Certification annexed hereto, OPERS purchased the **CWL 2005-H ("2005-H"), Class 2A Certificates** on the Offering and directly from the Underwriter, Defendant CSC, pursuant to the misleading Offering Documents:

<b>Certificates Purchased</b>	<b>Units Purchased</b>	<b>Price Per Unit</b>	<b>Date of Purchase</b>	<b>Purchased From</b>
CWL 2005-H, Class 2A	1,200,000	\$1.0000	September 27, 2005	CSC

Plaintiff OPERS was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. OPERS' Sections 12(a)(2) and 15 claims on behalf of all purchasers of the 2005-H Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least September 9, 2008 when PTOE was added as a named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, PTOE purchased the 2005-H.

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Class 2A Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, including the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2005-H, Class 2A Claims. See TAC Appendix Exhibit H. As such, Plaintiff OPERS derives tolling from PTOE's standing to pursue those claims. See TAC Appendix Exhibit I. OPERS disposed of the 2005-H, Class 2A Certificates in the open market on October 19, 2007 at a price of \$0.9700, and suffered injury as a result.

67. As set forth below, and also in the Certification annexed hereto, IPERS purchased the **CWL 2006-S3 ("2006-S3")**, *Certificates, on the Offering and directly from the Underwriter*, Defendant CSC, pursuant to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
CWL 2006-S3, Class A2	1,999,956.46	\$1.0000	June 16, 2006	CSC

Lead Plaintiff IPERS was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010, when the FAC was filed. IPERS' Sections 11, 12(a)(2) and 15 claims on behalf of all purchasers of the 2006-S3, Class A2 Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least September 9, 2008 when Vermont was added as a named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Vermont purchased the 2006-S3, Class A2 Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2006-S3, Class A2 Claims. See TAC Appendix Exhibit H. As such,

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1 IPERS derives tolling from Vermont's standing to pursue those claims. See TAC  
2 **Appendix Exhibit I.** As of the date of the filing of the Federal Action in January  
3 2010, the value of the Certificates had diminished considerably, and according to  
4 IPERS' custodial statements, was priced at \$0.6300, causing IPERS to suffer  
5 injury as a result.

6 **C. Defendant CWABS Offerings**

7 68. Defendant CWABS issued \$82,129,061,400.00 of Countrywide MBS  
8 in 76 separate Offerings between June 2005 and October 2007 pursuant to four  
9 Shelf Registration Statements, Original Basic Prospectuses and later-filed  
10 Prospectus Supplements as set forth above in ¶41, in the SAC at ¶43 and in the  
11 FAC at ¶36. All 76 Offerings were included, for the first time, in the Washington  
12 State Complaint and thereafter included in the Luther Amended Complaint,  
13 Consolidated Luther Complaint, Federal Complaint, the FAC and SAC. See TAC  
14 **Appendix Exhibit G.**

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Deleted: <#>As set forth below, and also in the Certification annexed hereto, IPERS purchased the CWL 2006-S9 ("2006-S9") Certificates, Class A2, on the Offering and directly from the Underwriter, Defendant CSC, pursuant to the misleading Offering Documents.¶

Certificates Purchased

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69. Pursuant to the Court's Countrywide Tolling Decision, the allegations set forth in the SAC were limited to those CWABS Offerings which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintained standing in the SAC to pursue Securities Act claims on eight (8) Countrywide MBS Offerings issued pursuant to three (3) CWABS Registration Statements.

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70. Pursuant to the Court's May 5, 2011 Countrywide MTD Decision, the allegations set forth herein are limited to those "tranches" of Certificates which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintain standing to pursue Securities Act claims on one (1) tranche of Certificates in each of four (4) Countrywide MBS Offerings issued pursuant to three (3) CWABS Registration Statements, as set forth in detail below.

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71. As set forth below, and also in the Certification annexed hereto, GBPHB purchased the **CWL 2005-11 ("2005-11"), Class AF3 Certificates, on the Offering and directly from the Underwriter,** Defendant CSC, pursuant to the misleading Offering Documents:

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Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
CWL 2005-11, Class AF3	1,000,000.00	\$1.0000	September 12, 2005	CSC

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Plaintiff GBPHB was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. GBPHB's Sections 12(a)(2) and 15 claims on behalf of all purchasers of the 2005-11, Class AF3 Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least September 9, 2008 when PTOE was added as a named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, PTOE purchased the 2005-11, Class AF3 Certificates and had standing to assert

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Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, including the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2005-11, Class AF3 Claims. See TAC Appendix Exhibit H. As such, Plaintiff GBPHB derives tolling from PTOE's standing to pursue those claims. See TAC Appendix Exhibit I. GBPHB disposed of the 2005-11 Certificates in the open market on September 28, 2009 at a price of \$0.7500, and suffered injury as a result.

72. As set forth below, and also in the Certification annexed hereto, OCERS purchased the CWHL 2005-HYB9 ("2005-HYB9") Certificates, on the Offering and directly from the Underwriter, Defendant CSC, pursuant to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase	Purchased From
CWHL 2005-HYB9, Class 3A2A	400,000.00	\$0.9972	November 28, 2005	CSC

Plaintiff OCERS was named as the Lead Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. OCERS' Section 12(a)(2) and Section 15 claims on behalf of all purchasers of the 2005-HYB9, Class 3A2A Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least October 16, 2008 when Maine was added as a named plaintiff to the Luther Consolidated Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Maine purchased the 2005-HYB9, Class 3A2A Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Luther Consolidated Complaint, including the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2005-HYB9, Class 3A2A Claims. See TAC Appendix Exhibit H. As such, Plaintiff OCERS derives tolling from Maine's standing to pursue those claims. See TAC Appendix

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**Exhibit I.** As of the date of the filing of the Federal Action in January 2010, the value of the Certificates had diminished considerably, and according to OCERS' custodial statements, was priced at \$0.6772, causing OCERS to suffer injury as a result.

73. As set forth below, and also in the Certification annexed hereto, GBPHB purchased the **CWL 2006-3 ("2006-9"), Class 1AF3 Certificates,**

73. pursuant and traceable to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase(s)	Purchased From
CWL 2006-9, Class 1AF3	1,000,000.00	\$1.0048	April 27, 2007	BOAS

Plaintiff GBPHB was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. GBPHB's Sections 11 and 15 claims on behalf of all purchasers of the 2006-9, **Class 1AF3** Certificates were tolled in accordance with the Countrywide Tolling Decision **and Countrywide MTD Decision** since at least September 9, 2008 when Vermont was added as an additional named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Vermont purchased the 2006-9, **Class 1AF3** Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, including the Luther Consolidated Complaint, the Federal Complaint, **the FAC and the SAC**, included a named plaintiff that had standing to assert the 2006-9, **Class 1AF3 Claims**. **See TAC Appendix Exhibit H.** As such, Plaintiff GBPHB derives tolling from Vermont's standing to pursue those claims. **See TAC Appendix Exhibit I.** GBPHB disposed of the 2006-9 Class 1AF3 Certificates in the open market on April 15, 2009 at a price of \$0.3075, and suffered injury as a result.

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Certificates Purchased ... [3]

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<#>As set forth below, and also in the Certification annexed hereto, GBPHB purchased the CWL 2006-11 ("2006-11") Certificates, Class 1AF3 and Class 1AF4 pursuant and traceable to the misleading Offering Documents:¶

Certificates Purchased ... [5]

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74. As set forth below, and also in the Certification annexed hereto, GBPHB purchased the **CWL 2006-24** (“**2006-24**”), **Class 2A1 Certificates**, pursuant and traceable to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase(s)	Purchased From
CWL 2006-24, Class 2A1	385,809.66	\$0.9927	October 12, 2007	Morgan Stanley

Plaintiff GBPHB was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. GBPHB’s Sections 11 and 15 claims on behalf of all purchasers of the 2006-24, **Class 2A1** Certificates were tolled in accordance with the Countrywide Tolling Decision **and Countrywide MTD Decision** since at least September 9, 2008 when Vermont was added as an additional named plaintiff to the Amended Luther Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Vermont purchased the 2006-24, **Class 2A1** Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Amended Luther Complaint, including the Luther Consolidated Complaint, the Federal Complaint, **the FAC and the SAC**, included a named plaintiff that had standing to assert the 2006-24, **Class 2A1 Claims**. **See TAC Appendix Exhibit H**. As such, Plaintiff GBPHB derives tolling from Vermont’s standing to pursue those claims. **See TAC Appendix Exhibit I**. As of the date of the filing of the Federal

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Action in January 2010, the value of the Certificates had diminished considerably, and according to GBPHB's custodial statements, was priced at \$0.9428, causing GBPHB to suffer injury as a result.

**D. Defendant CWMBS Offerings**

75. Defendant CWMBS issued \$56,178,680,394 of Countrywide MBS in 87 separate Offerings between June 2005 and October 2007 pursuant to five Shelf Registration Statements, Original Basic Prospectuses and later-filed Prospectus Supplements as set forth above in ¶42, in the SAC at ¶44 herein and in the FAC at ¶37. All 87 Offerings were included, for the first time, in the Washington State Complaint and thereafter included in the Luther Amended Complaint, Consolidated Luther Complaint, Federal Complaint and FAC. See TAC Appendix Exhibit G.

76. Pursuant to the Court's Countrywide Tolling Decision, the allegations set forth in the SAC were limited to those CWMBS Offerings which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintained standing in the SAC to pursue Securities Act claims on one (1) Countrywide MBS Offering issued pursuant to one (1) CWMBS Registration Statement, as set forth in detail below.

77. Pursuant to the Court's May 5, 2011 Countrywide MTD Decision, the allegations set forth herein are limited to those "tranches" of Certificates which the Luther Plaintiffs had standing to pursue while the case was pending in California state court. As a result, Plaintiffs maintain standing to pursue Securities Act claims on one (1) tranche of Certificates in one (1) Countrywide MBS Offerings issued pursuant to one (1) CWABS Registration Statement, as set forth in detail below.

78. As set forth below, and also in the Certification annexed hereto, OPERS purchased the **CWHL 2006-HYB3 ("2006-HYB3"), Class 2A1A Certificates**, pursuant and traceable to the misleading Offering Documents:

Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase(s)	Purchased From
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Certificates Purchased	Units Purchased	Price Per Unit	Date of Purchase(s)	Purchased From
CWHL 2006-HYB3, Class 2A1A	1,076,000.00	\$1.0002	April 27, 2006	<u>Credit Suisse Securities, LLC</u>
CWHL 2006-HYB3, Class 2A1A	154,493.47	\$0.9919	August 21, 2007	CSC

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Plaintiff OPERS was named as a representative Plaintiff in the Federal Action for the first time on July 13, 2010 when the FAC was filed. OPERS' Sections 11 and 15 claims on behalf of all purchasers of the 2006-HYB3, Class 2A1A Certificates were tolled in accordance with the Countrywide Tolling Decision and Countrywide MTD Decision since at least June 12, 2008 when Washington State was named as a plaintiff in the Washington State Complaint. According to the Certification filed with its motion for lead plaintiff on April 2, 2010, Washington State purchased the 2006-HYB3, Class 2A1A Certificates and had standing to assert Securities Act claims in connection therewith. Each complaint filed subsequent to the Washington State Complaint, including the Amended Luther Complaint, the Luther Consolidated Complaint, the Federal Complaint, the FAC and the SAC, included a named plaintiff that had standing to assert the 2006-HYB3, Class 2A1A Claims. See TAC Appendix Exhibit H. As such, Plaintiff OPERS derives tolling from Washington State's standing to pursue those claims. See TAC Appendix Exhibit I. As of the date of the filing of the Federal Action in January 2010, the

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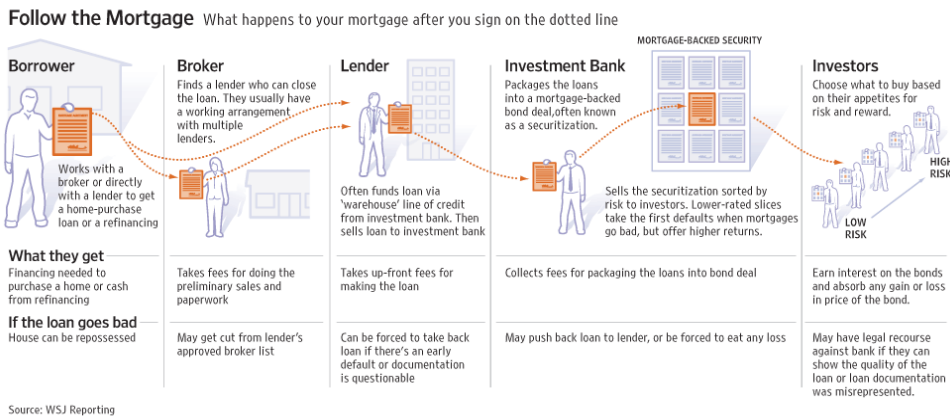
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value of the Certificates had diminished considerably, and according to OPERS' custodial statements, was priced at \$0.6877, causing OPERS to suffer injury as a result.

## VI. BACKGROUND

### A. Countrywide Was a Leading Issuer and Underwriter of Mortgage-Backed Securities

79. As illustrated below, a mortgage securitization is where mortgage loans are acquired, pooled together, and then sold to investors, who acquire rights in the income flowing from the mortgage pools.



80. When mortgage borrowers make interest and principal payments, the cash flow is distributed to the holders of MBS certificates in order of priority, based on the specific tranche held. The highest tranche (also referred to as the senior tranche) is first to receive its share of the mortgage proceeds and is also the last to absorb any losses should mortgage borrowers become delinquent or default on their mortgages. Because the lower tranches are designed to provide a cushion, diminished cash flows to the lower tranches results in impaired value of the higher tranches, as, among other reasons, there is less certainty of the continued cash flows to the higher tranches.

81. The securitization of loans fundamentally shifts the risk of loss from



1 mortgage loan originators to investors who purchase an interest in the securitized  
2 pool of loans. When the originator holds a mortgage through the term of the loan,  
3 it profits from the borrower's payment of interest and repayment of principal, but it  
4 also bears the risk of loss if the borrower defaults and the property value is not  
5 sufficient to repay the loan. As a result, traditionally, the originator was  
6 economically vested in establishing the creditworthiness of the borrower and the  
7 true value of the underlying property through appraisal before issuing the mortgage  
8 loans. In securitizations where the originator immediately sells the loan to an  
9 investment bank, it does not have the same economic interest in establishing  
10 borrower creditworthiness or a fair appraisal value of the property in the loan  
11 origination process.

12 82. In the 1980s and 1990s, securitizations were generally within the  
13 domain of Government Sponsored Enterprises ("GSE"), *i.e.*, the Federal National  
14 Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage  
15 Corporation ("Freddie Mac"), which would purchase loans from originators.  
16 Investors in these early GSE securitizations were provided protections since the  
17 underlying loans were originated pursuant to strict underwriting guidelines.

18 83. Between 2001 and 2006, however, there was dramatic growth in non-  
19 GSE loan originations and securitizations such that non-GSE securitizations grew  
20 330%, becoming a \$1.48 trillion industry.

21 84. The market for adjustable rate mortgages ("ARMs"), including  
22 interest-only and negative amortization loans, grew concurrently with the boom in  
23 subprime and Alt-A loan originations and securitizations. ARMs increased from  
24 \$355 billion in 2001 to \$1.3 trillion in 2006. Mortgage Market Statistical Annual,  
25 Vol. 1 (2007), at 4. Such growth coincided with the increase in popularity of so-  
26 called "exotic" or non-traditional ARMs which had fixed interest rates for a limited  
27 period before "resetting" during the life of the loan to significantly higher  
28 adjustable rates. These non-traditional ARMs included "2/28 or 3/27 ARMs"

1 (many with below-market teaser rates for two or three years before conversion to  
2 the fully-indexed rate); interest-only ARMs (permitting interest-only payments for  
3 a set period of time during which the rate may fluctuate, resulting in negative  
4 amortization and rising principal); option payment ARMs (offering up to four  
5 payment options, including minimum and interest-only payments, which, if  
6 chosen, result in negative amortization and rising principal); and 40-year ARMs (in  
7 which payments are calculated based on a 40-year payment term but where the  
8 loan terminates in 30 years, resulting in a final balloon payment). Origination of  
9 non-traditional ARMs increased 278% between 2004 and 2006 – from \$205 billion  
10 to \$775 billion. Mortgage Market Statistical Annual, Vol. 1 (2007), at 6.

11 85. Here, the Certificate collateral was composed of a substantial number  
12 of non-traditional adjustable mortgages, interest-only and negative amortization  
13 loans. These types of loans presented the greatest potential for “payment shock” to  
14 the borrower since they provided for initially small monthly payments based on  
15 low fixed rates which then reset thereafter to significantly higher monthly payment  
16 amounts based on adjustable interest rates. Although these loans were not  
17 traditional, the underwriting guidelines still required the loans to be originated  
18 responsibly and in accordance with those guidelines. Yet, Countrywide would  
19 routinely provide loans to borrowers who could only afford the short-term “teaser”  
20 rates (or, even to those that could not even afford the teaser rates) – not the full  
21 payments that would be required after the short-term rates reset. Although these  
22 types of loans were designed for high net worth investors who were capable of  
23 earning higher returns through investment than in making interest and principal  
24 payments upfront, Countrywide routinely sold these loans to unsophisticated  
25 borrowers who were unable to make the required payments after the loans reset –  
26 and frequently, to those who could not even make the “teaser” payments, leading  
27 to early defaults on the loans.

**B. Countrywide's Origination and Securitization Operations**

86. CFC set up Defendants CWALT, CWMBS, CWABS, and CWHEQ, the Depositors in this case, as "limited purpose finance entities" solely for the purpose of facilitating the issuance of the Certificates. CHL acted as the servicer of the mortgages and CSC, Countrywide's underwriting division, along with the other Underwriter Defendants, marketed and sold the securities. Although Defendants CWALT, CWMBS, CWABS, and CWHEQ served as the Depositors for the Issuing Trusts and issued the Registration Statements, this process was directed and controlled by the Countrywide Defendants, the Individual Defendants, and Sambol.

87. With respect to the Certificates at issue here, the Registration Statements and each of the Prospectus Supplements contained material misstatements concerning, *inter alia*, the quality of the loans supporting the MBS associated with each trust, including, specifically, statements about (1) the underwriting process and standards by which mortgages held by the Issuing Trusts were originated, and (2) the values of the real estate securing the mortgages pooled in the Issuing Trusts, expressed in part as the average LTV ratios of the underlying mortgages and the appraisal standards by which such real estate values were obtained.

88. Each MBS sold to Plaintiffs was sold pursuant to a Registration Statement. The Prospectus Supplements, which were filed at the time that the Certificates were sold to Plaintiffs, incorporated by reference each of the Registration Statements they were issued pursuant to. The Prospectus Supplements contained specific disclosures concerning each Issuing Trust. Nonetheless, in each Prospectus Supplement, as set forth herein, the Issuer Defendants and the Underwriter Defendants made the same representations concerning CHL's standards in originating the mortgages and valuing the properties underlying the Issuing Trusts.